

Global Markets Research

Daily Market Highlights

Key Takeaways

- Markets were closed for Christmas holiday yesterday but on Christmas eve trading, **global equities extended its rout with the world major stock indices ended in the red** to the tune of 2.9% for the Dow and 5.0% for the Nikkei **amid protracted concerns over fallout in growth and financial markets' health following Mnuchin's remarks on banks**. Flight to safety persisted with the UST curve bull steepened as the 10-year note yields ended 5bps lower at 2.74% vs the 8bps drop in 2-year note yields to 2.56%. Crude oil prices fell to its lowest in about 1½ years, with the WTI settling at \$42/ barrel while the Brent at \$50/ barrel.
- **Data flow was scant, limited to Chicago Fed activity index from the US, Japan leading index and Singapore CPI which turned out mixed**. Economic activities remained above trend after it bounced back in November as a result of higher production activities. Over in Japan, growth outlook has turned softer even as current conditions have improved. In tandem with easing inflation elsewhere, inflation in Singapore also softened more than expected to 0.3% YOY in November dampened by bigger decline in transport and communication prices. Core CPI moderated by a lesser extent by 0.2ppt to 1.7% YOY in November.
- **USD climbed against 8 G10s** on the back of firmer demand for refuge amid thin trading following closure of major markets. DXY inched higher but failed to test 97 level after having rejected at 96.96 to settle at 96.58, 0.03% higher. **USD remains bearish in our view** as we expect extended downside pressure from US government staying shut and softening Fed rate hike outlook. DXY retains a bearish trend; current bearish trend suggests a drop below 96.27 soon, below which 96.04 will be challenged.
- **MYR weakened 0.16% to 4.1855 against USD** as risk aversion prevailed in the FX space heading into Christmas holiday but MYR managed to beat 8 G10s. **We are slightly bullish on MYR against USD** in line with our view of a softer greenback. We continue to express skepticism over USDMYR's ability to push higher despite prevailing bullish trend. USDMYR has topped in our view, and will gradually head lower to complete a bearish chart pattern.
- **SGD inched 0.07% firmer to 1.3726 against USD** and strengthened against 9 G10s amid support from refuge demand. **Continue to expect a slightly bullish SGD in line with our view of a soft USD**. Technical outlook is deteriorating and we maintain the view of a drop below 1.3700 going forward. Modest bounces higher cannot be ruled out but we expect them to fizzle out approaching 1.3740 before heading lower thereafter.

Overnight Economic Data

US	↑
Japan	→
Singapore	↓

What's Coming Up Next

Major Data

- US S&P CaseShiller house prices, Richmond Fed manufacturing index
- Singapore industrial production

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1378	1.1399	1.1409	1.1432	1.1447	↗
GBPUSD	1.2637	1.2672	1.2690	1.2703	1.2733	↗
USDJPY	110.00	110.31	110.43	110.56	110.85	↘
AUDUSD	0.7009	0.7020	0.7049	0.7063	0.7086	↘
EURGBP	0.8971	0.8983	0.8991	0.9000	0.9011	↘
USDMYR	4.1790	4.1800	4.1825	4.1830	4.1850	↘
EURMYR	4.7640	4.7698	4.7726	4.7754	4.7800	↘
JPYMYR	3.7800	3.7820	3.7840	3.7880	3.7900	↗
GBPMYR	5.3055	5.3103	5.3133	5.3185	5.3227	↗
SGDMYR	3.0457	3.0471	3.0498	3.0524	3.0555	→
AUDMYR	2.9400	2.9440	2.9503	2.9584	2.9600	↘
NZDMYR	2.8140	2.8160	2.8173	2.8225	2.8251	↘
USDSGD	1.3700	1.3714	1.3722	1.3728	1.3740	↘
EURSGD	1.5622	1.5640	1.5657	1.5665	1.5675	↗
GBPSGD	1.7335	1.7375	1.7416	1.7443	1.7460	↗
AUDSGD	0.9650	0.9659	0.9674	0.9685	0.9700	↘

* at time of writing

↗ = above 0.1% gain; ↘ = above 0.1% loss; → = less than 0.1% gain / loss

	Last Price	DoD %	YTD %	Name	Last Price	DoD %	YTD %
KLCI	1,683.82	0.81	-6.29	CRB Index	168.36	-2.19	-13.16
Dow Jones Ind.	21,792.20	-2.91	-11.84	WTI oil (\$/bbl)	42.53	-6.71	-29.94
S&P 500	2,351.10	-2.71	-12.06	Brent oil (\$/bbl)	50.47	-6.22	-24.53
FTSE 100	6,685.99	-0.52	-13.03	Gold (\$/oz)	1,269.45	0.03	8.10
Shanghai	2,504.82	-0.88	-24.26	CPO (RM/tonne)	1,973.00	0.48	-17.45
Hang Seng	25,651.38	-0.40	-14.26	Copper (\$/tonne)	5,955.50	-0.59	-17.82
STI	3,051.06	0.16	-10.34	Rubber (sen/kg)	378.00	-1.05	-18.27

Source: Bloomberg

Note: as at 24-Dec closings except Gold @ 25-Dec

Economic Data				
	For	Actual	Last	Survey
US Chicago Fed Nat Activity Index	Nov	0.22	0.00 (revised)	0.20
JP Leading Index	Oct F	99.6	100.5	--
JP Coincident Index	Oct F	104.9	104.5	--
SG CPI YOY	Nov	0.3%	0.7%	0.6%

Source: Bloomberg

➤ Macroeconomics

- **US Chicago Fed activity quickened in November:** Chicago Fed national activity index quickened to 0.22 in November, marking a substantial jump from the downwardly revised 0.00 in October suggesting economic activities in the region remained above trend. The best reading in three months was driven by a rebound in the production-related indicators and as components with positive contributions outweigh negative contributions at a margin of 1.3x.
- **Japan leading and coincident indexes diverged:** Final reading of the October leading index was revised lower to 99.6, matching September's print of 99.6. On the contrary, coincident index was revised higher to 104.9 in October, but still up 3.3 points from September's 101.6. This raised concerns that while current conditions have improved, growth outlook has turned softer.
- **Singapore price pressure eased in November:** Consumer prices increased at the slowest pace in 7 months, by 0.3% YOY in November, weighed down by quicker declines in prices of transport (Nov: -2.8% vs Oct: -0.5%) and communication (Nov: -3.0% vs Oct: -1.2%). Price of housing & utilities stagnated in Nov, but stemmed a 17-month decline, while price of food steadied at 1.4%, notching its slowest growth since May. Discounting the effect of food and energy factors, prices moderated to 1.7% YOY in Nov from 1.9% in Oct.
- On the FX front, MYR ended on a weaker note by 0.16% at 4.1855 on Christmas eve amid lack of buying interests and absence of positive catalysts. We continue to expect rangetrading in USDMYR with an upward bias heading into the year's close.
- Today, the economic calendar remains super light, with only US CaseShiller house prices and Richmond Fed manufacturing index, as well as industrial production from Singapore in the pipeline.

Economic Calendar						
Date	Country	Events	Reporting Period	Survey	Prior	Revised
26/12	US	S&P CaseLogic house prices YOY	Oct	4.80%	5.15%	--
		Richmond Fed manufacturing index	Dec	15	14	--
27/12		Initial jobless claims	Dec 22	216k	214k	--
		New home sales MOM	Nov	4.4%	-8.9%	--
		Conference Board consumer confidence	Dec	133.5	135.7	--
27/12	EU	ECB monthly economic bulletin				
27/12	Japan	Housing starts YOY	Nov	-0.1%	0.3%	--
27/12	China	Industrial profits YOY	Nov	--	3.6%	--
27/12	Hong Kong	Exports YOY	Nov	7.7%	14.6%	--
26/12	Singapore	Industrial production YOY	Nov	4.2%	4.3%	--
26-31/12	Vietnam	Trade Balance	Dec	--	-\$400m	--
		Exports YTD YOY	Dec	14.3%	14.4%	--
		GDP YOY	4Q	--	6.88%	--
		CPI YOY	Dec	3.40%	3.46%	--
		Industrial Production YOY	Dec	--	9.6%	--
		Retail Sales YTD YOY	Dec	--	11.5%	--

Source: Bloomberg

Forex

	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1392	-0.12	1.1432	1.1348	-0.95
GBPUSD	1.2675	-0.24	1.2744	1.2633	-6.11
USDJPY	110.31	-0.13	110.56	109.82	-0.93
AUDUSD	0.7036	-0.18	0.7063	0.7009	-0.73
EURGBP	0.8989	0.22	0.9007	0.8947	1.27
USDMYR	4.1855	0.16	4.1870	4.1825	3.44
EURMYR	4.7694	-0.13	4.7737	4.7522	-1.49
JPYMYR	3.7716	0.25	3.7723	3.7624	4.91
GBPMYR	5.2997	0.06	5.3077	5.2864	-2.81
SGDMYR	3.0465	-0.22	3.0504	3.0422	0.70
AUDMYR	2.9562	-0.41	2.9584	2.9455	-6.68
NZDMYR	2.8184	-0.13	2.8225	2.8068	-2.13
CHFMYR	4.2087	-0.61	4.2156	4.2046	1.44
CNYMYR	0.6067	0.20	0.6069	0.6056	-2.42
HKDMYR	0.5343	0.06	0.5347	0.5335	3.17
USDSGD	1.3726	-0.07	1.3754	1.3707	2.71
EURSGD	1.5642	-0.15	1.5689	1.5600	-2.45
GBPSGD	1.7405	-0.24	1.7475	1.7374	-3.66
AUDSGD	0.9659	-0.24	0.9698	0.9652	-7.37

Source: Bloomberg

*MYR pairs last closed on 24 Dec 2018

MYR

- **MYR weakened 0.16% to 4.1855 against USD** as risk aversion prevailed in the FX space heading into Christmas holiday but MYR managed to beat 8 G10s.
- **We are slightly bullish on MYR against USD** in line with our view of a softer greenback. We continue to express skepticism over USDMYR's ability to push higher despite prevailing bullish trend. USDMYR has topped in our view, and will gradually head lower to complete a bearish chart pattern.

USD

- **USD climbed against 8 G10s** on the back of firmer demand for refuge amid thin trading following closure of major markets. DXY inched higher but failed to test 97 level after having rejected at 96.96 to settle at 96.58, 0.03% higher.
- **USD remains bearish in our view** as we expect extended downside pressure from US government staying shut and softening Fed rate hike outlook. DXY retains a bearish trend; current bearish trend suggests a drop below 96.27 soon, below which 96.04 will be challenged.

EUR

- **EUR slipped 0.12% to 1.1392 against USD** as risk appetite waned in thin trading but ended higher against 5 G10s.
- **Stay bullish on EUR in line with our view of a softer USD.** The tumble on Friday has increased EURUSD vulnerability to further losses. Inching above 1.1400 in early trade will continue to give EURUSD a bullish bias. We continue to set sights on a test at 1.1486, while a close of at least above 1.1472 is required to complete the bullish chart pattern that we have mentioned, which would then threaten 1.1580.

GBP

- **GBP fell 0.24% to 1.2675 against USD** and retreated against all G10s as buying support retreated in the absence of major catalyst.
- **Expect a slightly bearish GBP against USD**, supported by receding Brexit jitters. A slight bullish prevails in GBPUSD, thus we expect some gains going forward. We expect a break above 1.2733 going forward, but will be increasingly prone to rejection approaching 1.2743.

JPY

- **JPY** was supported by lingering refuge demand in the markets to beat all G10s and **strengthened 0.13% to 110.31 against USD.**
- **JPY is slightly bullish against USD** as we expect risk-off in the markets to likely sustain though at a softer pace amid thin trading. Bearish trend prevails in USDJPY; it is now exposed to a drop to circa 109.80, technical signs suggest rising difficulty in breaking below this level.

AUD

- **AUD fell 0.18% to 0.7036 against USD** and declined against 7 G10s, weighed down by lingering risk-off in the markets.
- **AUD is slightly bearish against USD**, weighed down by lingering risk aversion in the markets. Bearish bias still prevails, thus expect AUDUSD to remain subdued and likely confined to 0.7030 – 0.7060 range for some time before attempting a rebound going forward.

SGD

- **SGD inched 0.07% firmer to 1.3726 against USD** and strengthened against 9 G10s amid support from refuge demand.
- **Continue to expect a slightly bullish SGD in line with our view of a soft USD.** Technical outlook is deteriorating and we maintain the view of a drop below 1.3700 going forward. Modest bounces higher cannot be ruled out but we expect them to fizzle out approaching 1.3740 before heading lower thereafter.

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